

ORIGINAL



**SOUTHWESTERN UTILITY
MANAGEMENT, INC.**

WATER UTILITY MANAGEMENT
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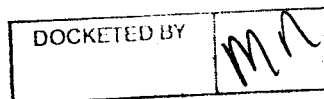
October 4, 2007

Arizona Corporation Commission
Utilities Division
Docket Control
1200 W. Washington
Phoenix, AZ 85007

Arizona Corporation Commission

DOCKETED

OCT 05 2007



**AZ CORP COMMISSION
DOCKET CONTROL**

2007 OCT -5 P 12:32

RECEIVED

Re: Docket No. W-01431A-07-0547 – Valle Verde Water Company

Enclosed herein you will find additional information regarding the emergency rate request previously filed on September 24, 2007.

We have enclosed the Profit & Loss statement for Valle Verde Water Co. (VWV) as well as the Balance Sheet which includes information to the end of September, 2007. This information was not available at the time the request was submitted.

As you can see, VWV is in dire need of an emergency surcharge as it is at this time operating at a loss of \$96,611 and is climbing each day.

Southwestern Utility has recently begun billing for VWV but the money is not coming in quickly enough to catch up with the previous bills that are in arrears.

The emergency interconnection with the City of Nogales has proven to be a costly experience as the balance due them at this time is \$15,959. This figure increases weekly.

As per the enclosed accounts payable aging summary, VWV has been unable to pay phone bills, electric bills for the wells as well as regular operating and maintenance expenses, including some that are past due over 60 days. This total does not include federal 941 payments that are past due. The federal 941 payments total approximately \$5,000.00.

An emergency surcharge has been requested until a rate case application can be prepared in order to address the extra monthly cost of purchased water from the City of Nogales. The City charges VWV more than VWV can charge their customers, therefore the extra strain on the water company is causing a spiral effect on their financial condition. VWV rates have been in effect since April 1, 1996.

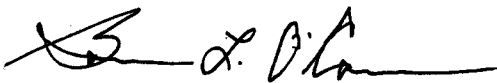
Re: Docket No. W-01431A-07-0547 – Valle Verde Water Company

We are also requesting, as interim managers of the system, permission to access HB 2521-49-355, the Small Water System Fund. In addition, we would like to access the Arsenic Cost Recovery Mechanism (ACRM) via a finance application approval for Water Infrastructure Finance Authority of Arizona (WIFA).

We are hoping to receive some help from the Arizona Department of Environmental Quality (ADEQ) WQARF funding to address the many VOC issues that confront VVW.

Please contact us at the number listed above should further information be required or if there are any questions or concerns.

Regards,

A handwritten signature in black ink, appearing to read "Bonnie L. O'Connor", with a stylized flourish at the end.

Bonnie L. O'Connor
Vice President

Enclosures.

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Accrual Basis

Valle Verde Water Company
Balance Sheet
As of September 30, 2007

	Sep 30, 07
ASSETS	
Current Assets	
Checking/Savings	
131100 - Wells Fargo Bank	1,799.56
Total Checking/Savings	1,799.56
Other Current Assets	
141100 - Acct. Receivables	-3,360.76
142100 - A/R Establishment Fees	-110.00
146100 Loan-Guillermina Torres	50.00
Total Other Current Assets	-3,420.76
Total Current Assets	-1,621.20
Fixed Assets	
101100 - Utility Plant In Serv.	
101200 - Intangibles	125.00
101300 - Land & Land Rights	86,093.00
101400 - Structures & Improv.	500,114.00
101500 - Wells & Springs	145,786.00
101600 - Pumping Equipment	280,653.00
101610 - Water Treatment Equip.	11,504.00
101800 - Distribution Res.	365,809.00
101900 - Trans. & Dist. Mains	560,587.00
102000 - Services	50,719.00
102100 - Meters	86,705.00
102200 - Hydrants	35,007.00
102310 - Office Furniture	16,552.00
102400 - Tools	11,729.00
102500 - Power Equip.	44,869.00
103410 - Transportation Equip.	56,483.00
103510 - Other Tangible Plant	139,746.00
Total 101100 - Utility Plant In Serv.	2,392,481.00
105100 - Const. Work in Progress	16,900.28
110300 - Accum. Depreciation	
110400 - Structures/Improv. Dep	-241,618.00
110410 - Accum Dep. Franchises	-125.00
110700 - Wells & Springs Dep.	-94,790.00
111100 - Elec. Pump Equip Dep.	-136,273.00
112000 - Water Treat. Equip Dep	-6,258.00
123000 - Dist. Reservoir Dep.	-157,394.00
123100 - Trans/Dist Mains Dep.	-395,720.00
123300 - Services Dep.	-50,719.00
123400 - Meters Dep.	-58,498.00
123500 - Hydrants Dep.	-25,618.00
124000 - Office Furn/Fix Dep	-11,271.84
124100 - Transp. Equip Dep.	-38,459.00
124300 - Tools & Work Equip. Dep	-18,881.00
124500 - Other Tangible Plant Dep	-16,532.00
Total 110300 - Accum. Depreciation	-1,252,156.84
311100 - Elec. Pump Equip YTD	3,489.80
331100 - Tran & Dist Main YTD	8,802.97
334100 - Meters Purchased YTD	658.85
Total Fixed Assets	1,170,176.06
TOTAL ASSETS	1,168,554.86
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
231100 - Acct. Payable	84,418.47
Total Accounts Payable	84,418.47

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Accrual Basis

Valle Verde Water Company
Profit & Loss
January through September 2007

	Jan - Sep 07
Income	
421100 - Other Income	991.03
460100 - Other Water Sales	129,397.68
461100 - Metered Water Sales	35,489.89
471100 - Other Operating Rev.	8,622.00
Total Income	174,500.60
Expense	
408.11 - Property Tax Exp.	7,891.86
501000 - Payroll Expenses	
504100 - Company - FICA Exp.	5,218.59
505100 - SUTA - DES Exp.	1,798.61
507100 - FUTA Exp.	356.21
601100 - Gross Wages	68,347.78
Total 501000 - Payroll Expenses	75,721.19
601200 - Employee Insurance	1,268.39
610100 - Purchased Water Exp.	69,898.25
615100 - Purchased Power	7,639.95
620100 - Repairs & Maintenance	3,013.97
621100 - Office Supplies & Exp.	2,797.55
621300 - Office Postage	468.39
621400 - Office Telephone	6,773.88
621500 - Electric	19,362.68
62160 - Garbage Pickup	1,089.00
62170 - Gas	10,377.52
630100 - Outside Services	
630200 - Monthly Accounting	2,585.27
630300 - Leak Repair	1,840.01
630400 - Legal Services	36,189.62
630400 - Accting. CPA	850.00
630100 - Outside Services - Other	3,840.00
Total 630100 - Outside Services	45,304.90
635000 - Water Testing	6,946.10
650100 - Transportation Exp	
650500 - Repairs	4,670.19
650100 - Transportation Exp - Other	501.84
Total 650100 - Transportation Exp	5,172.03
657000 - Insurance	1,298.01
675100 - Misc. Expense	476.00
675200 - Materials & Supplies	5,612.28
Total Expense	271,111.95
Net Income	-96,611.35

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Accrual Basis

Valle Verde Water Company
Balance Sheet
As of September 30, 2007

	<u>Sep 30, 07</u>
Other Current Liabilities	
204000 - Payroll Liabilities	
204100 - Company - SS	1,473.31
204110 - Employee -SS	1,494.05
205100 - Company -Med.	346.84
205110 - Employee - Med.	349.50
206100 - Federal Withholding	940.70
207100 - State Withholding	345.67
207110 - SUTA- DES	177.64
207120 - FUTA	356.21
Total 204000 - Payroll Liabilities	<u>5,483.92</u>
235100 - Security Deposits	320.00
252100 -A.I.C. Line Extension's	
252200-Pena Blanca Highlands	1,062,695.00
252300-Pena Blanca Ruby Heights	86,380.00
252400-North Water Plant	368,154.94
Total 252100 -A.I.C. Line Extension's	<u>1,517,229.94</u>
Total Other Current Liabilities	<u>1,523,033.86</u>
Total Current Liabilities	<u>1,607,452.33</u>
Total Liabilities	1,607,452.33
Equity	
202800 - Owner Draw	-6,400.00
218900 - Retained Earnings	-347,763.35
220000 - Trust Investment	11,877.23
Net Income	-96,611.35
Total Equity	<u>-438,897.47</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,168,554.86</u></u>

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10/04/07

Valle Verde Water Company
A/P Aging Summary
As of September 30, 2007

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
AT&T	54.40	262.19	239.86	0.00	0.00	556.45
C&D Rent-all	48.87	0.00	0.00	0.00	0.00	48.87
Canyon Disposal Garbage	0.00	99.00	0.00	99.00	0.00	198.00
Cas, LLC	162.00	670.00	0.00	0.00	0.00	832.00
Cintas Corp	0.00	135.15	81.09	0.00	0.00	216.24
City of Nogales	15,958.85	0.00	0.00	0.00	0.00	15,958.85
EEC Engineering	0.00	4,163.75	12,736.53	0.00	0.00	16,900.28
Foxworth Galbraith	0.00	0.00	427.44	0.00	0.00	427.44
Gilbert Pump & Equipment	0.00	2,372.85	0.00	0.00	0.00	2,372.85
Greg Droeger, Attorney	0.00	4,906.75	0.00	0.00	0.00	4,906.75
Irrigation & Sprinkler Supply	751.63	1,246.81	0.00	0.00	0.00	1,998.44
Nationwide	22.95	22.95	0.00	0.00	0.00	45.90
Nextel Communications	0.00	444.34	0.00	0.00	0.00	444.34
Qwest	164.57	0.00	0.00	0.00	0.00	164.57
Rogelio Villasenor	0.00	1,260.00	0.00	0.00	0.00	1,260.00
Southwestern Utility Management	0.00	297.36	2,255.00	0.00	0.00	2,552.36
U.N.S. Gas, Inc.	54.68	0.00	0.00	0.00	0.00	54.68
Unisource N.S. Electric, Inc.	1,558.53	1,612.55	0.00	1,026.50	0.00	4,197.58
William Wissler, Esq.	0.00	31,282.87	0.00	0.00	0.00	31,282.87
TOTAL	<u>18,776.48</u>	<u>48,776.57</u>	<u>15,739.92</u>	<u>1,125.50</u>	<u>0.00</u>	<u>84,418.47</u>